

To: Governor  
From: Buddy  
Re: Draft script for MPB program  
Date: September 14, 2009

(MPB'S ON-AIR HOST FOR THIS PROGRAM IS RON BROWN. HE WILL DO A QUICK INTRODUCTION OF YOU, FOLLOWED BY YOUR COMMENTS, THEN Q&A FROM THE VIEWERS AND LISTENERS.)

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Good evening, and thanks for tuning in tonight. I want to thank Mississippi Public Broadcasting for making this time available on its television and radio networks so we can talk about the serious business of state government, including the spending cuts I announced on September 3. I'll have some brief opening comments so we can save time for your questions.

Let's get right to the point, we don't have enough revenue to meet our budgeted expenditures for Fiscal Year 2010, much less Fiscal Years 2011 or 2012. So, cuts in state

government, including education, are necessary to meet the requirements of state law and the Constitution to balance Mississippi's budget.

For the first two months of FY 2010, state tax collections were 13.83 percent, or \$85 million dollars, below collections for the same period in FY 2009. I have been advised by the Department of Finance and Administration that annualizing these numbers would result in a budget shortfall of more than \$800 million dollars for the current fiscal year.

Year-to-date, Mississippi's revenue collections are 5.65 percent under what was projected for FY 2010. When annualized, this results in a \$274 million dollar shortfall for FY 2010. Even assuming August collections (which were down by 1.69 percent) repeat for the rest of the year, Mississippi would face a shortfall in excess of \$100 million dollars. The best estimates appear to be in the \$175 to \$350 million dollar range.

As Governor, I am required by state law to impose budget cuts when revenue collections do not meet our estimates – and they have not. Accordingly, my budget cuts will revise Fiscal Year 2010 budgets to achieve a savings of about \$171.9 million dollars. (\$171,925,753.)

These are the cuts I ordered and announced on September 3; they are in effect now. It is likely that further cuts in state spending will be necessary as this fiscal year moves along.

As you may know, governors are prohibited from cutting any agency by more than five percent until all agencies are cut by five percent.

Therefore, I mandated cuts that will bring nearly all agencies' reductions to at least five percent below FY 2009 appropriation levels. Some agencies had already been cut by five percent and were not affected by this round of cuts. Also, some agencies and programs, such as Medicaid and the Department of Corrections, are exempted from cuts at

this time. And, a handful of programs cannot be cut because of court orders.

Education is by far the largest single item in the budget – more than 60 percent of state expenditures. It is being reduced by five percent below the FY 2010 appropriated level. Even though it is our highest priority in state government, these reductions are necessary; and you should know that even after the cuts, spending for K-12, community colleges, and universities will still be higher than FY 2009 actual spending.

During this period of economic uncertainty and hardship, it is imperative that we take action based on the best possible information. If we postpone spending reductions until later in the fiscal year, then state agencies must make relatively larger cuts over less time, and will have less flexibility in handling these necessary cuts.

This is not business as usual. Legislators, state agencies, and citizens should understand that Mississippi cannot afford to postpone cuts in government spending. These extraordinary times require decisive action.

Just as families have to live within their means, so must state government. It's the law and as Governor I am duty bound to enforce it.

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